

# Midway Energy Ltd. Releases Corporate Update and Year End 2011 Results

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CALGARY, March 26, 2012 - [Midway Energy Ltd.](#) ("Midway" or the "Company") (TSX: MEL) is pleased to announce its corporate update and financial and operating results for the year ended December 31, 2011.

## Corporate Update

In February 2012 Midway closed a private placement of 6,000,000 units of the Company at a price of \$3.50 per unit for total gross proceeds of \$21 million. Each unit consisted of one common share and one half of a warrant with each full warrant enabling the subscriber to purchase one common share of Midway at \$4.00 for one year from the date of closing.

After completing their review of Midway's reserves, the Company's lending syndicate increased Midway's credit facilities to \$140 million.

On February 27, 2012 Midway entered into an arrangement agreement (the "transaction") with [Whitecap Resources Inc.](#) ("Whitecap") whereby Whitecap will acquire all of the issued and outstanding common shares of Midway. Pursuant to the transaction, Midway shareholders will, subject to proration, receive, at the election or deemed election of the holder: (i) 0.4802 of a common share of Whitecap for each Midway common share held; (ii) \$4.85 in cash for each Midway common share held; or (iii) a combination thereof for their Midway common shares, subject to a maximum of approximately \$111.2 million in cash and 33.5 million Whitecap common shares. If the aggregate amount of cash consideration or the aggregate number of Whitecap common shares elected exceeds the maximum cash consideration or the maximum share consideration, respectively, then the cash consideration paid or the number of Whitecap common shares issued to any Midway shareholder will be subject to pro-rationing. Midway also announces it has entered into an amended and restated arrangement agreement dated as of March 20, 2012 with Whitecap, to amend the treatment of the warrants issued in February 2012 under the transaction. As a result of the amendment, instead of a cash buyout, upon completion of the transaction, the warrants will become obligations of Whitecap and each warrant will entitle the holder to acquire 0.4802 of a Whitecap common share at a price of approximately \$8.33 per share. The transaction includes a reciprocal non-completion fee of \$27.5 million, subject to certain conditions.

Management believes that this transaction is in the best interest of shareholders as the combined entity will be able to fully develop the Company's assets at Garrington through increased drilling density and enhanced oil recovery techniques, which are complementary to Whitecap's existing horizontal drilling operations in the Pembina Cardium play. As a significant portion of the transaction is comprised of Whitecap common shares, shareholders will be able to participate in the future growth of the combined entity with strong growth potential from a diverse portfolio of oil weighted properties.

A joint management information circular and proxy statement outlining the details of the transaction will be mailed shortly to the holders of Midway common shares for a meeting to be held at 9:30 a.m. (Calgary time) on Friday, April 20, 2012, in the Grand Lecture Theatre of the Metropolitan Conference Centre, 333 - 4th Avenue SW, Calgary, Alberta. At the meeting, holders of Midway common shares will be permitted to vote on the transaction. The transaction is anticipated to close on or about April 20, 2012.

## Corporate Highlights

(\$ 000's, except operational, share and per share amounts)	Q4 2011	Q4 2010	Change (%)	Year 2011	Year 2010	Change (%)
Petroleum and natural gas revenue	27,679	15,193		82		95,559
Funds from operations	16,615		8,637		92	
Basic per share	0.21	0.13		65		0.76
Diluted per share	0.20	0.12		70		0.73
Net earnings (loss)	761	(71)	N/A			14,452
Basic per share	0.01	(0.00)	N/A			0.18
Diluted per share	0.01	(0.00)	N/A			0.17
Working capital deficiency (1)		3,891	7,393			(47)
Bank debt	111,722	35,256		217		111,722
Capital expenditures	16,946		23,947		(29)	179,039
Total assets	320,111	176,679		81		320,111
Weighted average shares (000's)						
Basic	79,497	68,044	17			76,323
Diluted	81,627	71,930	13			79,410
Common shares outstanding (000's)						
Basic	79,760	68,044	17			79,760
Diluted	86,728	75,246	15			86,728
Average production:						
Oil and NGL's (bbl/d)	3,101	1,881			65	
Natural gas (mcf/d)	7,411	6,585			13	
Oil equivalent (boe/d 6 : 1)		4,336	2,978			46
Average realized prices:						
Oil and NGL's (\$/bbl)	88.72	73.95			20	
Natural gas (\$/mcf)	3.44	3.92			(12)	3.82
Oil equivalent (boe/d 6 : 1)		69.34	55.37			25
Netback (\$/boe)						
Petroleum and natural gas sales	69.34	55.37		25		66.22
Royalties	6.64	5.30	25			7.31
Operating expenses	14.24	12.46			14	
Operating netback	48.46	37.61			29	

(1) Excludes the current portion of bank debt and fair value of commodity contracts.

## Forward-looking Statements

This news release contains forward-looking statements relating to the Company's plans and other aspects of the Company's anticipated future operations, management focus, strategies, financial and operating results and business opportunities. Forward-looking statements typically use words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. In particular, this press release contains forward-looking statements relating, but not limited to:

- the timing for mailing shareholder materials;
- the benefits to be obtained from the transaction with Whitecap; and
- the timing of closing the transaction with Whitecap.

These forward-looking statements are based on various assumptions including: the satisfaction of all conditions required to complete the transaction; Midway and Whitecap obtaining all required shareholder, regulatory and third party approvals to complete the transaction and on the timing contemplated; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures and the results therefrom; the timing, location and extent of future drilling operations and the results therefrom; estimates of future production and operating costs; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; future exchange and interest rates, impact of increasing competition, ability to market oil and natural gas successfully and access capital. While Midway considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur,

including, without limitation: risks that Midway and Whitecap may not satisfy all regulatory requirements or obtain the necessary approvals for completion of the transaction on satisfactory terms or at all; the arrangement agreement may be terminated in certain circumstances, including in the event of a material adverse change in Midway or Whitecap; the market price for the Midway common shares and the Whitecap common shares may decline; there are risks related to the integration of Midway's and Whitecap's existing businesses; and there is a risk that Midway's assessment of the combined company's business prospects and condition will prove to be incorrect. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although Midway believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not unduly rely on forward-looking statements. The forward-looking statements contained in this news release are made as the date of this new release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

### **Non-GAAP Financial Measures**

Midway uses the following terms for measurement within this press release that do not have a standardized prescribed meaning under International Financial Reporting Standards ("IFRS") and previous GAAP and are considered non-GAAP measures. These measurements may not be comparable with the calculation of similar measurements of other entities.

The terms "funds from operations", "funds from operations per share" and "operating netback per boe" in this press release are not recognized measures under GAAP. Management of Midway believes that in addition to net earnings and cash flow from operating activities as defined by GAAP, these terms are useful supplemental measures to evaluate operating performance and assess leverage. Users are cautioned; however, that these measures should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with GAAP as an indication of Midway's performance. For a reconciliation of funds from operations refer to Midway's Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2011.

Midway considers funds from operations to be an important measure of Midway's ability to generate the funds necessary to finance capital expenditures and repay debt. All references to funds from operations throughout this press release are based on cash provided by operating activities before the change in non-cash working capital and actual decommissioning obligation expenditures since Midway believes the timing of collection, payment or incurrence of these items involves a high degree of discretion and as such may not be useful for evaluating Midway's operating performance. Funds from operations per share are calculated using the weighted average number of shares outstanding used in calculating earnings per share. Operating netback per boe is determined by deducting royalties and operating expenses from petroleum and natural gas sales (all on a per boe basis). Midway's method of calculating funds from operations and operating netback per boe may differ from that of other companies and, accordingly, may not be comparable to measures used by other companies.

### **51-101 Advisory**

In conformity with National Instrument 51-101, Standards for Disclosure of Oil and Gas Activities ("NI 51-101"), natural gas volumes have been converted to barrels of oil equivalent ("boe") using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that the term "boe" may be misleading, particularly if used in isolation. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

### **Filings**

Midway has filed with Canadian securities regulatory authorities its audited consolidated financial statements for the year ended December 31, 2011 and the accompanying MD&A. These filings are available under Midway's SEDAR profile at [www.sedar.com](http://www.sedar.com). Full pdf versions of our December 31, 2011 audited consolidated financial statements and the accompanying MD&A are available on our website at [www.midwayenergy.com](http://www.midwayenergy.com).

## Information Regarding Midway

Midway Energy Ltd. is a public oil and natural gas exploration and development company, located in Calgary, Alberta with operations pursued in Alberta. Midway currently trades on the Toronto Stock Exchange (TSX) under the Symbol "MEL".

## Contact Information

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